

DSHS Supplemental Budget Questions & Answers

Q. How was the 2 percent reduction target determined?

The Office of Financial Management published FTE and dollar targets for the 2010 supplemental budget requests in July. The targets are simply 2 percent of our total FTE allotment and 2 percent of our total General Fund-State appropriation.

Q. Could we face a reduction deeper than 2 percent?

Yes. The revenue estimates for the 2009-11 biennium continue to fall. Currently, the state is facing a revenue shortfall of about \$2 billion.

Q. Who all participated in the decision on which reductions to make?

Within each Administration and across the Department, program and fiscal staff and management made choices about reductions. The goal was to identify those services and expenditures that are relatively farther from direct support of our core mission than are others that were not proposed for reduction.

Q. Are providers and other stakeholders being informed about the reduction options chosen?

To date, each Assistant Secretary and Chief Executive Officer has communicated to stakeholders and staff in writing about the reductions and what we expect the impact to be on clients and staff.

Q. In trying to reach reduction expectations, have we been forced to include reduction options in services/programs that we don't support?

The DSHS budget proposal is just that—a proposal. It is the beginning of a long conversation with the Governor and the Legislature about what the people of the state of Washington want, need, and expect from their government and their tax dollars. The Department has made a series of reduction proposals that are not made lightly. Every dollar that DSHS spends is spent on behalf of vulnerable people. This vulnerability can be due to disability, age, victimization, or other factors. However, given the need to reduce expenditures we made proposals that we believe do the least harm.

Q. Are there upcoming developments that could affect potential reductions?

The Economic and Revenue Forecast Council and the Caseload Forecast Council will deliver their new projections in November. The results of these are expected to be lower revenue and higher demand. The Governor will have her budget completed by December 9. The Governor's proposal will take into consideration the information provided by the two forecast agencies. These developments always result in changes to our agency request. We expect that they will again.

Q. Do the 2 percent reduction options include more job cuts, further layoffs?

Yes. The DSHS proposal reduces total FTEs by 94.2. However, there is a significant change in the kind of FTEs netted in that number. The agency proposes an additional 164.4 FTEs devoted to service delivery and driven by caseload and workload. Also, DSHS proposes a reduction of 265.1 FTEs that includes significant reductions in non-direct-service staff as well as abolishing vacant positions.

Q. When we feel the effects of the 2 percent reduction options, if they are approved?

The dollar value of the 2 percent reductions has already been removed from the allotments across the Department. We anticipate that essentially all of the 2 percent reductions in some form or other will be accepted by the Governor and the Legislature. Also, the Department will strive, as usual, to live within its allotted funding...which now includes the 2 percent reduction.

Q. With the 2 percent reductions, what would the Department's budget be? How many employees would we have?

With the 2 percent reduction, the Department's budget is essentially the same as the initial appropriation (the current budget). This is because our reduction proposals really pay for the growth in demand in the entitlement programs. For example, the number of children eligible for Medicaid has grown significantly in recent months. Our request recognizes that, but then takes reductions that counter-balance that growth.

We are proposing a staffing level of 18,467.8 FTEs. This is slightly lower (94) than our currently authorized level.

Q. Is there reason to hope that things will improve, and if so, when?

Revenue can't fall forever. But it is likely that the "recovery" will not be to the level of revenue that the state experienced in 2005, 2006 and 2007. A good example of why is the housing market: Even as housing sales pick up, they are at prices that are much lower than they were in the summer of 2006. This makes for much lower revenue generated from the Real Estate Excise Tax. Real Estate Excise Tax revenue is about a quarter of the state's total revenue.